METHOD AND SYSTEM FOR PROVIDING AN ONLINE COLLECTIONS SERVICES MARKETPLACE

Field of Invention

5   The present invention relates to a method and system for providing an online collections services marketplace and for enabling users to view client and service provider information and delinquent accounts receivable information.

Background of the Invention

10   Due to the vast amount of consumer and other types of debts, many businesses or individuals occasionally or regularly consult third-party collection services, performed by third-party agencies, collection attorneys, or other entities.

        Traditionally, marketing for collection agencies involves banks of telephone solicitors calling hundreds of businesses each and every day, on the offhand chance they might have a

15   current need for collection services. Oftentimes, attorneys or other entities passively wait for potential clients to come in the door. While agencies can directly solicit potential clients via phone or other methods for their collection business, attorneys cannot due to guidelines established by state Bar Associations. Therefore, collection attorneys are severely limited in their ability to market their services to the public. As a result, they lose potential clients to other

20   collection entities. This reduces the amount of competition and bargaining, which results in higher charges for collection services.

Currently, companies or other entities find it difficult, if not impossible, to compare

service providers. The lack of knowledge regarding past successes or failures restricts the ability

to make an educated choice of provider. This may lead to unclaimed accounts and other

financial losses.

5   These and other drawbacks exist with current systems.

Summary of the Invention

The present invention provides an on-line marketplace for entities providing collection

services and those requesting collection services through a web-site. The web-site may assist

10   clients in identifying the most effective set of providers in connection with the characteristics of

their receivables and other factors. A Client may include an individual, group of individuals,

company, commercial enterprise, attorney, law firm and other entity requesting collection

services from the present invention. A Provider may include an individual, group of individuals,

company, commercial enterprise and other entity (e.g., a collection entity, a collection company,

15   etc.) providing collection services through the present invention. The present invention may also

provide a method for rating the effectiveness of the collection entities where Clients may

evaluate and select one or more appropriate Providers. The present invention further enables a

Client to select one or more Providers via a selection process, which may include a self selection

process, optimization process, auction process or other selection process. For example, a Client

20   may search for one or more Providers based on Client defined characteristics. In another

example, a database of collected receivables, data mining techniques, or neural networks may be

used to examine a set of receivables and determine a set of collection services for an optimal

return. In another example, an auction function associated with the present invention may also

be available where Clients may specify parameters and auction a defined set of receivables. In

this example, the Client may specify parameters thereby limiting the bidding process to select

5   Providers. The bidding process may provide the Client with each Provider's bid, an efficiency

rating associated with each Provider, and other information.

Other objects and advantages of the present invention will be apparent to one of ordinary

skill in the art upon reviewing the specification herein.

10   **Brief Description of the Drawings**

FIG. 1 is a diagram of an overview of a collection services system according to an

embodiment of the present invention.

FIG. 2 is a flowchart of a method for providing collections services according to an

embodiment of the present invention.

15   FIG. 3 is a flowchart of a process for sign up and initial business rating of a collection

entity according to an embodiment of the present invention.

FIG. 4 is a flowchart of a process for sign up and initial business rating of a Client

according to an embodiment of the present invention.

FIG. 5 is a flowchart of a process for rating a Client's paper or other receivable according

20   to an embodiment of the present invention.

FIG. 6 is a flowchart of a process for an auction of paper according to an embodiment of the present invention.

FIG. 7 is a flowchart of a process for optimization according to an embodiment of the present invention.

5   FIG. 8 is a flowchart of a process for manual selection of collection entities by a Client according to an embodiment of the present invention.

FIG. 9 is a flowchart of a process for dynamically rating a Client according to an embodiment of the present invention.

FIG. 10 is a flowchart of a process for dynamically rating collection entities according to 10   an embodiment of the present invention.

Detailed Description of the Preferred Embodiments

The present invention provides a method and system for marketing, comparing, and purchasing collection services from collection agencies, attorneys and other entities. Other 15   operations and features may also be provided. In addition, the present invention may provide potential Clients the ability to investigate the qualifications of collection service Providers and the opportunity to choose from several selection alternatives and qualified service Providers on the basis of contingent rate or other limitations.

FIG. 1 illustrates an overview of an example of a collection services system according to 20   an embodiment of the present invention. One or more Providers 101 and one or more potential or current Clients 105 may access Collection Services System 120 through the Internet 110.

Collection Services System 120 may include various modules, such as Link to Regulation Agencies 122, Search Module 124, Optimization Module 125, Auction Module 126, Notification Module 128, Receivable Rating Module 130, Provider Rating Module 132, Client Rating Module 134 and Other Module 136. Membership Database 140 may include information related to third-

5 party collection agencies, collection attorneys, companies and other entities or participants. Rating Database 142 may include rating information related to collection entities, Clients, papers (e.g., receivables) and other information. Other information may also be stored in Other Database 144.

Each participant (e.g., Providers, Clients, etc.) may subscribe to a membership with the

10 system where the participant supplies information to the system. This information may then be stored in Membership Database 140 which may be accumulated and compiled. Other methods for obtaining participant information may also be used. Provider information may include information related to type of Provider, areas of specialization (e.g., commercial, consumer, or both), size of Provider company, professional association memberships, references, industries

15 served, range of contingent rates, geographical areas served, services provided, and other information a Client may find relevant in making a decision as to which Provider to use. Other information may also be stored in Membership Database 140. Rating Database 142 may store collection agency/lawyer ratings, Client ratings, paper ratings, and other ratings information.

Link to Regulation Agencies Module 122 may provide various state regulatory agencies

20 which may apprise the system of any actions or complaints pending against Providers in such states. Through Link Module 122, this information may be made available to Clients. Each

Provider may be allowed a uniform information page within the present invention at which promotional material and other information may be available.

According to an embodiment of the present invention, a Client may select one or more Providers through Search Module 124, Optimization Module 125, Auction Module 126 and/or

5   other selection methods.

Search Module 124 may enable potential Clients to use Membership Database 140 and a Search tool to investigate Providers using a variety of search parameters or other user defined criteria. In addition, contact information may be supplied to potential Clients. This aspect of the invention enables potential Clients to correspond with Providers. Also, once potential Clients

10   investigate the available Providers, if they decide they wish to use an attorney, the attorney contacted is entitled to proactively follow up such initial Client-initiated contact. This opens up an entire area of marketing to attorneys, and places them on a competitive footing similar to that of third-party agencies.

Optimization Module 125 may enable potential Clients to be presented with an optimal

15   Provider or a list of optimal Providers based on various factors. Clients may specify preference information, which may include various Provider characteristics. In addition, type of return and other information may be specified as well. Type of return may include maximum return, time frame (e.g., shortest time frame, specified deadline, etc.) and other user defined criteria, for example. An optimal collection entity or combination of collection entities may be presented

20   based on defined criteria. The potential client may then accept or select a desired Provider.

Auction module 126 may enable potential Clients to specify one or more Providers they

wish to have notified of the opportunity to bid on a defined set of accounts. Selected Providers

may be notified of an opportunity to bid on the accounts, on the type and location of the accounts

to be bid upon, and other terms of the bidding. Notification may be made by email, an instant

5   message mechanism, cell phone, phone, fax or other mode of communication. Limits may be

placed on the number and/or qualification of Providers that may bid on any given prospective

placement, if administratively necessary. Other limitations may be defined. The Providers may

be able to view the current bids of some or all Providers without knowing who the other selected

Providers are, thereby creating a true competitive situation. Limitations may be placed on the

10   display of bids. For example, Providers may view the current best bids. The winning bidder may

then be notified and the accounts placed with that Provider.

Notification Module 128 may provide an electronic link between the system and a

Provider, which notifies such Provider of a selection by a potential Client. This facilitates the

selection process and allows faster responses by the selected Providers. This feature may be

15   provided as an option to Providers. According to another embodiment, the Provider may be

contractually obligated to notify the system of the accounts that are collected, so that the system

may invoice them for the agreed-upon transaction fee. Clients may also notify the system of

accounts collected, which may act as a "check-and-balance" system.

Receivable Rating Module 130 may provide a mechanism for rating delinquent

20   receivables, accounts or other papers. This feature may enable Providers to make intelligent and

educated decisions regarding the receivables being presented. This feature further enables

Providers to quote competitive rates. The rating system may include information regarding whether the debtors have a good working phone and current address, whether the account is commercial or consumer in nature, whether there is any known barriers to collecting the receivable, such as bankruptcy filing or other impediment, whether there is a personal guarantee

5   on an obligation that is otherwise a corporation obligation, and other considerations. According to an embodiment of the invention, the Client may be made responsible for the accuracy of the information provided, with a provision that the accounts placed, if such information is not accurate, may be returned to the Client for further review. The system may also be involved in ensuring the accuracy of the information provided.

10   Provider Rating Module 132 may enable a potential Client to view historical and current characteristics of Providers. This information may assist potential Clients in determining how successful the Provider has been in the past in actually collecting accounts placed with it. This information may include number of dollars collected and number of dollars placed where the information may be broken down by type of receivables or papers, age of receivables or paper,

15   geographical location of the debtor and other factors. This feature of the present invention enables potential Clients to proactively evaluate and choose one or more appropriate Providers. In addition, knowing that the Provider's current efforts may be a factor in the Provider's future rating may provide an incentive for effective efforts on the part of the Provider.

According to another embodiment, a rating system may analyze the prospective collection

20   portfolio and optimize the results that might be obtained by the Client, utilizing some or all of the historical information, as well as contingent rates historically charged by the various Providers.

Other limitations and data may also be utilized. The Client may then be provided with a listing of the Providers to select for each debt to be placed so as to maximize the return to the Client.

The present invention offers several advantages to potential Clients, Providers, and the marketplace. For instance, by making past results discoverable, the system may foster a greater

5 possible effort on the part of Providers to successfully collect the accounts placed for collection through the present invention. Also, the system may reward those Providers that provide effective, professional service, leading to a more responsive, effective, efficient, orderly and professional industry in general. By making results and other information regarding the successes and failures of Providers discoverable through the present invention, credibility may be

10 imparted to the collection process and its marketplace. By allowing for weight (or scores) to be given to companies which collect more total dollars than others, Providers may be encouraged to report to the present invention all amounts collected, in order to boost their Provider rating and thereby secure an increased number of accounts referred to it. By making such information available to Providers themselves, the present invention may assist such Providers in maintaining

15 profitability while offering competitive contingent rates.

According to another embodiment, Clients may be prompted at regular intervals to evaluate the service and results provided by the service Providers with whom they are doing business. The results of these surveys may be discoverable through the present invention. This feedback feature may alert management of the Providers when a potential problem exists in the

20 service being provided, thus allowing that management to make changes to assist in achieving and maintaining higher ratings.

Client Rating Module 134 may enable Providers to acquire information on Clients for whom they will prospectively be working and whose delinquent account they may be servicing. A Client rating system of the present invention may provide information to Providers regarding all aspects of the Client, such as the size of the Client's business, how many open accounts the

5   Client has, the average age of their collections placement, the percentage of the Client's placements that have been historically collected, and other information. Providers may be periodically prompted to provide feedback on the Clients for whom they have been working, including availability and reliability of the Client's information on the delinquent accounts placed, and other information. This may assist the Client in rectifying potential internal

10   problems that are, or may be, negatively impacting the results being obtained from the collections efforts.

Other modules, as illustrated by module 136, may also be implemented in accordance with the scope of the present invention.

FIG. 2 is an example of a flowchart 200 of a method for providing collections services

15   according to an embodiment of the present invention. Step 210 illustrates a process for sign up and initial business rating of Client. Step 212 illustrates a process for sign up and initial business rating of a collection entity. At step 214, a Client may place one or more receivable accounts (e.g., paper) to be collected on the system of the present invention. Step 216 illustrates a process for rating a Client's one or more receivable accounts (e.g., paper). Next, a Client may choose

20   from three or more processes. For example, step 218 illustrates a process for Request for Proposal ("RFP")/Auction of Paper. Step 220 illustrates a process for optimization. Step 222

illustrates a process for manual selection of one or more collection entities by a Client. Other alternatives may also be made available to a Client. At step 224, receivable accounts (e.g., paper) may be collected. Step 226 illustrates a process for dynamically rating a Client. Step 228 illustrates a process for dynamically rating a collection entity.

5   FIG. 3 illustrates the details of a process 300 for sign up and initial business rating of a collection entity according to an embodiment of the present invention. At step 310, a collection entity may sign up to become a member of a system of the present invention. At step 312, a collection entity may enter various forms of information. For example, such information may include organization characteristics, history, pending actions, and other information. At step 314, the system of the present invention may validate the information entered by the collection entity. At step 316, the system may post a collection entity rating based on information entered by the collection entity and from other sources to a database.

      FIG. 4 illustrates details of a process 400 for sign up and initial business rating of a Client according to an embodiment of the present invention. At step 410, a Client may sign up to 15 become a member of a system of the present invention. At step 412, the Client may enter various information, including information regarding characteristics of an associated organization, history, dollars placed per year and other information. At step 414, the system of the present invention may validate the information. At step 416, the system may then post a Client rating based on the information gathered and from other sources to a database.

20   FIG. 5 illustrates details of a process 500 for rating a Client's paper or other receivable according to an embodiment of the present invention. At step 510, a Client may enter

information about collectibles, such as delinquent accounts, for example. For example, the information entered may include type of paper, age of paper, whether a phone number and address exists, and other information. At step 512, the system may rate the paper based on various factors or information. At step 514, the system may provide the Client with historical

5   information on similarly rated paper. For example, the Client may view historical information regarding their placements with the system along with other relevant information.

FIG. 6 illustrates details of a process 600 for RFP or an auction of paper according to an embodiment of the present invention. At step 610, a Client may specify auction participants. For example, a Client may select the type and range of collection entities that may be invited to bid

10   on an account (or receivable) for collection. According to another embodiment, a Client may open the bid to all who would like to partake in the bidding process. Other limitations may also be enforced by the Client or other party. For example, a collection agency may request to be removed from consideration of bids from one or more specified Clients. At step 612, the system may present information related to a paper and bidding process to the selected auction

15   participants. For example, the system may communicate to the selected collection entities the information concerning the paper up for bid and the details of the bidding process via email or other means of communication. At step 614, the selected auction participants may present bids. At step 616, the system may display bids to Client and other bidders. For example, the collection entities who want to bid may communicate their bid or bids using the Internet or other mode of

20   communication. At step 618, the system may then notify the winning bid or bids. The current winning bid or bids may then be displayed to the Client and other bidders via the Internet or

some other communication medium. The appropriate documents and other information may then

be exchanged at step 620. For example, the auction may be terminated as determined by a

predetermined time limit or other definable event.

FIG. 7 illustrates details of a process 700 for optimization according to an embodiment of

5   the present invention. At step 710, a Client may specify preference information. For example,

preference information may include size of collector, maximum and/or minimum number of

collection entities returned and other information. At step 712, the Client may also specify the

type of return as well as other limitations and requests. For example, the type of return may

include maximum return, maximum return in shortest time, maximum return by a specified date,

10   maximum return based on historical data of one or more particular collection entities, and other

criteria. At step 714, the system may determine an optimal combination of collection entities.

For example, given the information on the paper (e.g., receivable), the system may use artificial

intelligence techniques and/or neural networks and/or other processes to determine a combination

of collection entities who may be capable of giving the Client an optimal return based on his

15   criteria, preferences, and other factors. In addition, a single collection entity may be suggested by

the system as well as a combination of collection entities. At step 716, the system may present

results to the Client. At step 718, the Client may select a desired combination of collection

entities. At step 720, the system may communicate the Client's one or more requests to the

Client selected combination of collection entities. At step 722, the one or more collection

20   entities may accept the Client's one or more requests. The appropriate documents and other

13

information may then be exchanged at step 724. In another example, the selection process may be reinitialized if no selection is made.

FIG. 8 illustrates details of a process 800 for manual selection of collection entities by a Client according to an embodiment of the present invention. At step 810, a Client may specify

5   preference information, which may include size of collector, type of agency, maximum number of collection entities returned and other information. At step 812, the system may provide a list of appropriate collection entities based on information stored in the databases of the present invention, Client preference information, and other information. At step 814, the Client may select a desired combination of collection entities. The combination of collection entities may

10   include one or more collection entities. The Client may also examine the ratings and other detailed information concerning the selected collection entities. At step 816, the system may communicate Client's request or requests to the selected one or more collection entities. Upon receiving the Client's request, the one or more collection entities may accept the Client's request, at step 818. The appropriate documents may then be exchanged, at step 820. In another

15   example, the selection process may be reinitialized if no selection is made.

FIG. 9 illustrates a process 900 for dynamically rating a Client according to an embodiment of the present invention. At step 910, the system may collect information on the performance of the Client's placements. At step 912, the system may collect information on the collection entity's satisfaction with doing business with the Client. At step 914, the system may

20   rate the Client where the rating may include average age of placement, dollars placed per year, nonpayment complaints, completeness and accuracy of information, percent of paper collected

defined by age, total percent collectible, and other information. At step 916, the system may calculate percent collectible per unit time. At step 918, the system may compare the percent collectible per unit time to industry and/or site averages. At step 920, the system may display rating information to the collection entities when the Client places the paper for collection. For

5   example, this may be used by the collection entities to determine if they want to pursue the Client's business.

FIG. 10 illustrates a process 1000 for dynamically rating collection entities according to an embodiment of the present invention. At step 1010, the system may record information on the performance of the collection entities' collections. At step 1012, the system may collect

10   information on the Client's satisfaction with doing business with the collection entity. At step 1014, the system may rate the collection entity using the information collected. For example, ratings may include volume placed, amount collected/amount placed, average rate, average yield to Client, yield to Client per time period both total and by paper type, and other information. At step 1016, the system may calculate the yield per unit time. At step 1018, the system may

15   compare the yield per unit time to industry and/or site averages. At step 1020, the system may display the rating and customer satisfaction information to the Client. For example, the Client may view the rating information when the Client places the paper for collection. This rating information may be used by the Client to determine if they want to pursue business with the collection entity. According to another example, the rating information may also be used by the

20   optimization process of FIG. 7 to determine the best fit for a Client's paper.

Other embodiments and uses of the invention will be apparent to those skilled in the art from consideration of the specification and practice of the invention disclosed herein. The specification and examples should be considered exemplary only.